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STAFF REPORT

OF THE

ACCOUNTING DEPARTMENT

AND

UTILITIES DEPARTMENT

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DUKE POWER COMPANY

**REPORT OF THE ACCOUNTING DEPARTMENT
OF
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

DOCKET NO. 97-005-E

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REPORT OF ACCOUNTING DEPARTMENT

DOCKET NO. 97-005-E

DUKE POWER COMPANY

ANALYSIS

The Accounting Department Staff has made a study of the books and records of Duke Power Company, Charlotte, North Carolina, relative to the Commission's requirement under Docket No. 97-005-E, that periodic hearings be conducted before the Commission concerning the Adjustment of Base Rates for Fuel Costs.

CURRENT REVIEW PERIOD

The current investigation of Duke Power Company's Retail Fuel Adjustment Clause covers the period June 1996 through May 1997. Since the fuel hearing is scheduled for May 1997, Staff's audit covered through the month of March 1997, with the months of April and May 1997 estimated. In the last fuel hearing, fuel figures for April and May 1996 were estimated, therefore, Staff reviewed Duke's books and records for the period April 1, 1996 through March 31, 1997. The under-recovery amount for April 1997 and the over-recovery amount for May 1997 were estimated for the purpose of adjusting base rates effective June 1, 1997. The April and May 1997 estimates will be trued-up at Duke's next hearing after the costs are examined.

SCOPE OF STUDY

The Commission's Accounting Department's examination consisted of the following:

1. Analysis of Fuel Stock - Account # 151

2. Sample of Receipts to the Fuel Stock Account--Account #151
3. Verification of Charges to Nuclear Fuel
Expense - Account # 518
4. Analysis of Purchased Power and Interchange (Net)
5. Verification of KWH Sales
6. Comparison of Coal Costs
7. An Analysis of Spot Coal Purchasing Procedures
8. Review of Duke Power Company's Coal Contract Buy-Out
9. Recomputation of Fuel Costs and Verification
of Deferred Fuel Costs
10. Recomputation of True-up for (Over)Under-Recovered
Fuel Costs

ANALYSIS OF FUEL STOCK ACCOUNT - ACCOUNT # 151

Staff's analysis of the Fuel Stock Account consisted of tracing receipts to and from the subsidiary ledgers to the General Ledger, reviewing monthly fuel charges originating in fuel accounting and insuring that only proper charges are entered in the Company's computation of fuel costs for purposes of adjusting base rates for fuel costs.

SAMPLE OF RECEIPTS TO THE FUEL STOCK ACCOUNT--ACCOUNT #151

Staff's sample of receipts to the Fuel Stock Account consisted of randomly selecting transactions, tracing each of these transactions to a waybill and a purchase order for documentation purposes, and recalculating the transactions to insure mathematical correctness.

VERIFICATION OF NUCLEAR FUEL EXPENSE - ACCOUNT # 518

The Staff traced the expense amounts to the General Ledger. The

expenses were also traced to filings to the Commission from the Company.

ANALYSIS OF PURCHASED AND INTERCHANGE POWER (NET)

Staff performed an examination of the Company's purchased power and interchange (Net) amount used in the Fuel Adjustment Clause.

Staff obtained the details of purchases and sales made by Duke from and to other electric utilities. Staff verified all individual transactions of purchased and interchanged power to source documents. Staff verified amounts which are being used in computing total fuel costs for each month. These details allowed the Staff to identify fuel costs which were being passed through the clause in computing the factor above or below the base for each period.

VERIFICATION OF KWH SALES

The Accounting Department Staff reconciled the KWH sales as reported to the Commission through monthly fuel adjustment filings to the Company's monthly Financial and Operating Reports.

COMPARISON OF COAL COSTS

Staff prepared exhibits from Duke's books and records reflecting coal costs during the review period. Specifically, these exhibits are as follows:

Exhibit A - Coal Cost Statistics

Exhibit B - Received Coal-Cost Per Ton Comparison

With reference to Exhibit A, Coal Cost Statistics, Staff has shown a detailed analysis of spot and contract coal for the twelve (12)-month period April 1996 through March 1997. The detail gives emphasis to tons purchased, percentage of tons purchased, cost per ton delivered, total delivered cost, and cost per MBTU.

In Exhibit B, Received Coal-Cost Per Ton Comparison, Staff reflects the overall cost per ton of coal by month for the three major electric utilities regulated by this Commission.

ANALYSIS OF SPOT COAL PURCHASING PROCEDURES

The Accounting Staff examined the procedure followed by the Company's Fuel Purchasing Department for obtaining and accepting offers on spot coal. To achieve this, Staff chose two months of the audit period which had received large amounts of spot coal. Staff examined spot coal proposals received in the months of June 1996 and August 1996.

The Fuel Purchasing Department maintains a list of coal vendors from whom proposals are received monthly. These coal vendors send their proposals to Duke via Spot Coal Sales Proposal Data Sheets, with each proposal or offer on a separate sheet.

If the Company decides to purchase spot coal in a given month, then the proposals are evaluated. For evaluation purposes, the spot coal sales proposals are compiled on an Evaluation of Spot Bids computer run and are ranked by the cost per MBTU. The purchasing agents consider at least three factors when they agree to the spot coal offers: (a) the price per ton (including freight), (b) the BTU, ash, and sulfur content of the coal offered, and (c) the past experience with the supplier and the coal obtained from the producer. The Company's purchasing agents determine the current market price for spot coal prior to negotiating with the coal vendors. In this way, the agents determine the limits they should stay within when bargaining for coal. The agents bargain over the price of the coal, and either accept (the original offer or a counter offer) or reject the coal vendor's

offer.

Upon acceptance of an offer, the Fuel Purchasing Department prepares a purchase order, a copy of which is mailed to the coal vendor. When the coal is received at the plant, the Company analyzes the coal for BTU, ash, and sulfur content and prepares a coal analysis report which is sent to the Fuel Purchasing Department. The appropriate premium or penalty on the coal is determined by the Fuel Purchasing Department, and the results are forwarded to the Company's Accounting Section, which in turn, adds a premium or assesses a penalty to the total amount due to the coal vendor.

The Fuel Purchasing Department closely monitors the quality of coal shipped by the various producers. If poor performance is rendered by a certain producer, the purchasing agent records it and considers this when analyzing any future offers from the supplier.

As mentioned previously, Staff examined spot coal offers received for the months of June 1996 and August 1996. Staff obtained the Company's Evaluation of Spot Bids computer run for the month. The Evaluation of Spot Bids run is listed alphabetically by plant, with each plant's spot coal offers ranked by cost per MBTU. Also included on the Evaluation of Spot Bids run is the name of the coal company, the name of the producer, number of tons offered, coal specifications, the number of tons purchased, the plant to which the coal was shipped, or a reason for rejecting the offer.

During June 1996, 56 offers were submitted and Duke accepted 24 offers. During August 1996, 48 offers were submitted and Duke accepted 35 offers.

REVIEW OF DUKE POWER COMPANY'S COAL CONTRACT BUY-OUT

On August 9, 1995, Duke Power Company requested a Commission accounting order which would give Duke Power Company authorization to defer costs the Company anticipated incurring in association with one of its existing coal contracts and to amortize such costs to the cost of fuel burned. The costs, which total \$23,024,789.75, are coal contract buy-out costs which Duke Power Company and one of its contract coal suppliers, Westmoreland Coal Sales Company, negotiated to buy out Duke Power Company's obligation to purchase coal during the remaining period of the existing contract--August 1995 through July 1996. Duke Power Company felt that they could purchase replacement coal at prices considerably lower than the prices pertaining to the existing Westmoreland contract. Duke Power Company stated, in its request letter to the Commission, that Duke Power was confident the cost of replacement coal plus the proposed deferral (which is the cost of the contract buy-out) when compared to the cost which would have been incurred under the existing contract would provide a substantial net benefit to customers. The Company, therefore, requested authorization to defer the buy-out payment in Account No. 186 - Miscellaneous Deferred Debits, and to amortize the buy-out cost to Account No. 501 - Fossil Fuel for at least a twelve-month period beginning in September 1995. A twelve-month time period was chosen, as stated in the Company's request letter, to cover the same time period (twelve months remained on the existing contract) that savings on replacement coal purchases would likely be realized. Also, September 1995 began the amortization period because the Company noted that any purchases of replacement coal in August 1995 would not likely impact the cost of

fuel burned until September 1995.

On August 22, 1995, the Commission approved Duke Power Company's request, for accounting purposes only, to reflect the buy-out costs in the aforementioned accounts with a twelve-month amortization period. The Commission noted that amortization will only be allowed to the extent that savings on replacement coal purchases are realized. The Commission also noted that the Commission reserves the right to review the economics of the Company's transaction in the Company's fuel clause adjustment proceedings.

During this audit review period of the Company's fuel adjustment clause, April 1996 through March 1997, Staff reviewed the savings associated with the replacement coal purchases plus the amortization of the contract buy-out versus the Company's original coal contract costs. The replacement coal purchases consisted of spot market coal and coal purchased from other coal contract suppliers. Staff reviewed the costs of the replacement coal purchases, compared those costs to the original contract costs and then reduced the net result of the aforementioned costs by the monthly amortization of the contract buy-out, which was \$1,918,732 per month. It should be noted that the final monthly amortization of the contract buy-out was in August 1996. The cumulative net savings as of August 31, 1996 totaled \$19.7 million.

RECOMPUTATION OF TRUE-UP FOR (OVER) UNDER-RECOVERED FUEL COSTS

Staff analyzed the cumulative under-recovery of fuel costs that the Company had incurred for the period April 1, 1996 through March 31, 1997 totaling \$13,299,613. Staff added the projected under-recovery of \$592,885 for the month of April 1997 and the projected over-recovery of \$416,926 for May 1997 to arrive at an cumulative under-recovery of

\$13,475,572. The Company's cumulative under-recovery as of March 1997 and as of May 1997 differs from Staff's. Staff's Purchased Power figures for April 1996 through August 1996, and for October 1996 through January 1997 differs from the Company's figures. Staff's figures, per Staff's report, reflect calculation adjustments made to Purchased Power Costs for the aforementioned months, based on Staff's review of Purchased Power invoices and system operations reports. Also, the Company's corrections to Purchased Power Costs for the last fuel review period are reflected in the Purchased Power Costs for April 1996 - June 1996. Staff reflected these previous corrections in the last fuel review period. Staff's Exhibit G, S.C. Retail Comparison of Fuel Revenues and Expenses, which consists of two pages, provides details of Staff's cumulative under-recovery balance.

As stated in Duke Power Company's Adjustment for Fuel Costs, fuel costs will be included in base rates to the extent determined reasonable and proper by the Commission. Accordingly, the Commission should consider the under-recovery of \$13,475,572 along with the anticipated fuel costs for the period June 1, 1997 to May 31, 1998, for the purpose of determining the base cost of fuel in rates effective June 1, 1997.

This under-recovery figure of \$13,475,572 was provided to the Commission's Utilities Department.

RESULTS OF EXAMINATION

Based on the Accounting Staff's examination of Duke Power Company's books and records, and the utilization of the fuel cost-recovery mechanism as directed by this Commission, the Accounting Staff is of the opinion that the Company has complied with the

directives (per the Fuel Adjustment Clause) of the Commission.

EXHIBITS

Exhibits relative to this report are identified as follows:

EXHIBIT A: COAL COST STATISTICS

In Exhibit A, Coal Cost Statistics, Staff compares spot, contract and total coal received for the months of April 1996 through March 1997. The comparison is made in the following areas:

1. Tons Purchased
2. Percentage of Total Tons Purchased
3. Received Cost Per Ton
4. Total Received Cost
5. Cost Per MBTU

EXHIBIT B: RECEIVED COAL-COST PER TON COMPARISON

In Exhibit B, Staff has shown for comparison purposes, the freight cost per ton, mine cost per ton, the total cost per ton, and the cost per MBTU of received coal for Duke Power Company, Carolina Power & Light Company, and South Carolina Electric & Gas Company. The cost per ton shown for the period April 1996 through March 1997 included both spot and contract purchases, and were extracted from required filings for Carolina Power & Light Company and South Carolina Electric & Gas Company, and from Duke Power Company's 2121 Run.

EXHIBIT C: DETAIL OF NUCLEAR COST

In Exhibit C, Staff has shown in detail, the two components in total nuclear costs. These components are as follows:

1. Burn-up Cost
2. Disposal Cost

EXHIBIT D: TOTAL BURNED COST (FOSSIL AND NUCLEAR)

This exhibit reflects the dollar amounts of burned costs, and the percentage of the Total Burned Costs for fossil and nuclear fuel by months from April 1996 through March 1997.

EXHIBIT E: COST OF FUEL

In Exhibit E, Staff has computed the total fuel cost applicable to the factor computation. There are three (3) components used in arriving at this cost. Those components are as follows:

1. Cost of Fuel Burned...This amount is the burned cost of all fossil and nuclear fuel during the period. A detailed breakdown between coal, oil, gas and nuclear fuel can be seen in Exhibit D.

2. Purchase and Interchange Power Fuel Cost... This amount is the monthly KWH's delivered to or received by one electric utility system from another.

3. Fuel Cost Recovered through Intersystem Sales... This amount is the fuel-related cost on KWH's sold during the period to Yadkin, Inc. and other electric utilities.

Total fuel cost applicable to the factor is computed by adding the cost of fuel burned to purchased power and interchange power fuel cost. This amount is then reduced by fuel associated with intersystem sales.

EXHIBIT F: FACTOR COMPUTATION

Staff has computed the Fuel Cost Adjustment Factor by month beginning with April 1996 and going through March 1997. In computing this factor, total fuel cost applicable to the FAC is divided by total system sales, excluding intersystem sales. This results in fuel cost per KWH. The fuel cost per KWH is then compared to the base cost per

KWH as ordered by the Commission. This variance is reflected as the monthly fuel cost adjustment factor.

EXHIBIT G: S.C. RETAIL COMPARISON OF FUEL REVENUES AND EXPENSES

Shown in this exhibit is the computation of the cumulative under-recovery at May 31, 1997.

DUKE POWER COMPANY
COAL COST STATISTICS
APRIL 1996 - MARCH 1997

ACCOUNTING EXHIBIT A
(Page 1 of 2)

SPOT

MONTH	TONS RECEIVED	%	COST/TON RECEIVED	TOTAL RECEIVED COST	\$/MBTU
	TONS	%	\$	\$	\$
APRIL 1996	309,132.70	29.25	33.70	10,418,551.01	1.3409
MAY 1996	255,249.30	23.06	33.52	8,557,164.53	1.3393
JUNE 1996	424,251.15	30.38	31.95	13,555,671.51	1.2787
JULY 1996	345,822.70	27.44	33.38	11,544,750.60	1.3319
AUGUST 1996	561,587.80	31.25	33.60	18,869,595.01	1.3361
SEPTEMBER 1996	349,658.60	24.89	34.31	11,996,324.73	1.3593

CONTRACT

MONTH	TONS RECEIVED	%	COST/TON RECEIVED	TOTAL RECEIVED COST	\$/MBTU
	TONS	%	\$	\$	\$
APRIL 1996	747,865.15	70.75	37.27	27,871,731.77	1.4998
MAY 1996	851,844.35	76.94	35.51	30,246,465.98	1.4312
JUNE 1996	972,325.15	69.62	35.42	34,444,526.89	1.4171
JULY 1996	914,557.45	72.56	36.03	32,953,335.50	1.4446
AUGUST 1996	1,235,321.75	68.75	34.64	42,786,808.05	1.3967
SEPTEMBER 1996	1,055,259.60	75.11	35.50	37,458,767.57	1.4294

COMBINED

MONTH	TONS RECEIVED	%	COST/TON RECEIVED	TOTAL RECEIVED COST	\$/MBTU
	TONS	%	\$	\$	\$
APRIL 1996	1,056,997.85	100.00	36.23	38,290,282.78	1.4529
MAY 1996	1,107,093.65	100.00	35.05	38,803,630.51	1.4099
JUNE 1996	1,396,576.30	100.00	34.37	48,000,198.40	1.3751
JULY 1996	1,260,380.15	100.00	35.31	44,498,086.10	1.4136
AUGUST 1996	1,796,909.55	100.00	34.31	61,656,403.06	1.3776
SEPTEMBER 1996	1,404,918.20	100.00	35.20	49,455,092.30	1.4117

DUKE POWER COMPANY
COAL COST STATISTICS
APRIL 1996 - MARCH 1997

SPOT

MONTH	TONS RECEIVED	%	COST/TON RECEIVED	TOTAL RECEIVED COST	\$/MBTU
	TONS	%	\$	\$	\$
OCTOBER 1996	268,640.90	20.24	34.17	9,178,155.41	1.3642
NOVEMBER 1996	642,331.90	43.29	35.26	22,647,846.51	1.4077
DECEMBER 1996	572,242.15	38.81	35.81	20,489,218.86	1.4293
JANUARY 1997	512,691.10	33.48	35.51	18,208,149.66	1.4153
FEBRUARY 1997	278,169.85	20.63	29.97	8,336,067.66	1.1809
MARCH 1997	320,297.65	22.45	33.32	10,672,083.37	1.3228
TOTALS (4/96 - 3/97)	4,840,075.80			164,473,578.86	

CONTRACT

MONTH	TONS RECEIVED	%	COST/TON RECEIVED	TOTAL RECEIVED COST	\$/MBTU
	TONS	%	\$	\$	\$
OCTOBER 1996	1,058,670.90	79.76	36.05	38,166,871.34	1.4477
NOVEMBER 1996	841,512.50	56.71	36.57	30,773,631.77	1.4782
DECEMBER 1996	902,296.60	61.19	35.29	31,842,236.77	1.4262
JANUARY 1997	1,018,436.80	66.52	34.87	35,508,950.84	1.4029
FEBRUARY 1997	1,070,230.65	79.37	35.25	37,720,983.99	1.4166
MARCH 1997	1,106,561.75	77.55	35.14	38,888,586.49	1.4183
TOTALS (4/96 - 3/97)	11,774,882.65			418,662,896.96	

COMBINED

MONTH	TONS RECEIVED	%	COST/TON RECEIVED	TOTAL RECEIVED COST	\$/MBTU
	TONS	%	\$	\$	\$
OCTOBER 1996	1,327,311.80	100.00	35.67	47,345,026.75	1.4308
NOVEMBER 1996	1,483,844.40	100.00	36.00	53,421,478.28	1.4475
DECEMBER 1996	1,474,538.75	100.00	35.49	52,331,455.63	1.4274
JANUARY 1997	1,531,127.90	100.00	35.08	53,717,100.50	1.4071
FEBRUARY 1997	1,348,400.50	100.00	34.16	46,057,051.65	1.3672
MARCH 1997	1,426,859.40	100.00	34.73	49,560,669.86	1.3966
TOTALS (4/96 - 3/97)	16,614,958.45			583,136,475.82	

ACCOUNTING EXHIBIT B
(Page 1 of 2)

DUKE POWER COMPANY
RECEIVED COAL - COST PER TON COMPARISON
APRIL 1996 - MARCH 1997

DUKE POWER COMPANY				
MONTH	INVOICE COST PER TON	FREIGHT COST PER TON	TOTAL COST PER TON	COST PER MBTU
	\$	\$	\$	\$
APRIL 1996	26.94	9.29	36.23	1.4529
MAY 1996	26.34	8.71	35.05	1.4099
JUNE 1996	26.44	7.93	34.37	1.3751
JULY 1996	26.76	8.54	35.30	1.4136
AUGUST 1996	26.72	7.59	34.31	1.3776
SEPTEMBER 1996	26.79	8.41	35.20	1.4117

CAROLINA POWER & LIGHT COMPANY				
MONTH	INVOICE COST PER TON	FREIGHT COST PER TON	TOTAL COST PER TON	COST PER MBTU
	\$	\$	\$	\$
APRIL 1996	29.98	10.17	40.15	1.5974
MAY 1996	30.19	10.71	40.90	1.6378
JUNE 1996	30.74	11.25	41.99	1.6828
JULY 1996	32.43	11.03	43.46	1.7538
AUGUST 1996	29.51	11.16	40.67	1.6629
SEPTEMBER 1996	29.88	11.18	41.06	1.6752

SOUTH CAROLINA ELECTRIC & GAS COMPANY				
MONTH	INVOICE COST PER TON	FREIGHT COST PER TON	TOTAL COST PER TON	COST PER MBTU
	\$	\$	\$	\$
APRIL 1996	26.75	13.88	40.63	1.5703
MAY 1996	26.88	13.77	40.65	1.5748
JUNE 1996	26.76	13.42	40.18	1.5684
JULY 1996	26.43	13.86	40.29	1.5689
AUGUST 1996	26.65	13.81	40.46	1.5781
SEPTEMBER 1996	(1)	(1)	39.88	1.5673 (2)

(1) SCE&G's new computer fuel program (which was implemented in September 1996), as of this fuel hearing report, does not reflect separate invoice costs and freight costs.

(2) These SCE&G costs per MBTU are approximations because the exact costs per MBTU were not available as of this fuel hearing date.

ACCOUNTING EXHIBIT B
(Page 2 of 2)

DUKE POWER COMPANY
RECEIVED COAL - COST PER TON COMPARISON
APRIL 1996 - MARCH 1997

DUKE POWER COMPANY				
MONTH	INVOICE COST PER TON	FREIGHT COST PER TON	TOTAL COST PER TON	COST PER MBTU
	\$	\$	\$	\$
OCTOBER 1996	27.25	8.42	35.67	1.4308
NOVEMBER 1996	26.88	9.12	36.00	1.4475
DECEMBER 1996	26.17	9.32	35.49	1.4274
JANUARY 1997	26.55	8.53	35.08	1.4071
FEBRUARY 1997	27.24	6.92	34.16	1.3672
MARCH 1997	27.02	7.71	34.73	1.3966

CAROLINA POWER & LIGHT COMPANY				
MONTH	INVOICE COST PER TON	FREIGHT COST PER TON	TOTAL COST PER TON	COST PER MBTU
	\$	\$	\$	\$
OCTOBER 1996	30.79	11.33	42.12	1.7186
NOVEMBER 1996	31.74	10.95	42.69	1.7347
DECEMBER 1996	33.99	11.09	45.08	1.8378
JANUARY 1997	30.21	11.47	41.68	1.7035
FEBRUARY 1997	31.51	10.89	42.40	1.7390
MARCH 1997	26.49	12.05	38.54	1.6005

SOUTH CAROLINA ELECTRIC & GAS COMPANY				
MONTH	INVOICE COST PER TON	FREIGHT COST PER TON	TOTAL COST PER TON	COST (2) PER MBTU
	\$	\$	\$	\$
OCTOBER 1996	(1)	(1)	40.15	1.6981
NOVEMBER 1996	(1)	(1)	40.32	1.5903
DECEMBER 1996	(1)	(1)	40.64	1.6743
JANUARY 1997	(1)	(1)	40.14	1.5480
FEBRUARY 1997	(1)	(1)	38.72	1.4094
MARCH 1997	(1)	(1)	39.59	1.5501

(1) SCE&G's new computer fuel program (which was implemented in September 1996), as of this fuel hearing report, does not reflect separate invoice costs and freight costs.

(2) These SCE&G costs per MBTU are approximations because the exact costs per MBTU were not available as of this fuel hearing date.

ACCOUNTING EXHIBIT C

DUKE POWER COMPANY
 DETAIL OF NUCLEAR COST
 APRIL 1996 - MARCH 1997

MONTH	BURN-UP COST	DISPOSAL COST	TOTAL NUCLEAR COST
	\$	\$	\$
APRIL 1996	10,219,730	2,200,795	12,420,525
MAY 1996	11,851,968	2,738,383	14,590,351
JUNE 1996	11,172,202	2,582,760	13,754,962
JULY 1996	14,389,894	3,213,475	17,603,369
AUGUST 1996	14,855,470	3,316,277	18,171,747
SEPTEMBER 1996	13,118,219	3,082,528	16,200,747
OCTOBER 1996	9,813,089	1,780,739	11,593,828
NOVEMBER 1996	5,384,939	1,055,448	6,440,387
DECEMBER 1996	7,361,401	1,685,361	9,046,762
JANUARY 1997	7,415,956	1,794,066	9,210,022
FEBRUARY 1997	8,536,099	1,955,775	10,491,874
MARCH 1997	9,062,959	2,142,477	11,205,436
TOTAL	<u>123,181,926</u>	<u>27,548,084</u>	<u>150,730,010</u>

ACCOUNTING EXHIBIT D

DUKE POWER COMPANY
TOTAL BURNED COST (FOSSIL AND NUCLEAR)
APRIL 1996 - MARCH 1997

MONTH	COAL		OIL		GAS		NUCLEAR		TOTAL BURNED COST	
	\$	%	\$	%	\$	%	\$	%	\$	%
APRIL 1996	36,895,354	73.88	566,180	1.13	58,346	.12	12,420,525	24.87	49,940,405	
MAY 1996	44,485,740	73.85	369,638	.61	792,948	1.32	14,590,351	24.22	60,238,677	
JUNE 1996	55,999,498	78.02	348,270	.49	1,674,935	2.33	13,754,962	19.16	71,777,665	
JULY 1996	59,952,551	75.83	230,770	.29	1,277,929	1.62	17,603,369	22.26	79,064,619	
AUGUST 1996	57,909,546	75.33	191,052	.25	601,558	.78	18,171,747	23.64	76,873,903	
SEPTEMBER 1996	41,871,572	71.69	289,281	.49	47,368	.08	16,200,747	27.74	58,408,968	
OCTOBER 1996	49,223,043	80.17	359,154	.59	221,363	.36	11,593,828	18.88	61,397,388	
NOVEMBER 1996	55,796,671	88.81	577,000	.92	9,824	.02	6,440,387	10.25	62,823,882	
DECEMBER 1996	50,022,640	82.31	1,693,787	2.79	5,483	.01	9,046,762	14.89	60,768,672	
JANUARY 1997	58,708,139	85.44	797,526	1.16	541	0-	9,210,022	13.40	68,716,228	
FEBRUARY 1997	40,704,919	78.82	407,202	.79	41,533	.08	10,491,874	20.31	51,645,528	
MARCH 1997	38,831,699	76.88	456,819	.90	18,548	.04	11,205,436	22.18	50,512,502	

ACCOUNTING EXHIBIT E

DUKE POWER COMPANY
 COST OF FUEL
 APRIL 1996 - MARCH 1997

MONTH	TOTAL COST OF FUEL BURNED	PURCHASE AND INTERCHANGE POWER FUEL COST	FUEL COST RECOVERED INTERSYSTEM SALES	TOTAL FUEL COST
	\$	\$	\$	\$
APRIL 1996	49,940,405	4,183,436	(3,098,985)	51,024,856
MAY 1996	60,238,677	3,991,488	(4,535,990)	59,694,175
JUNE 1996	71,777,665	7,961,738	(3,714,605)	76,024,798
JULY 1996	79,064,619	5,318,745	(5,389,379)	78,993,985
AUGUST 1996	76,873,903	712,814	(2,991,081)	74,595,636
SEPTEMBER 1996	58,408,968	1,087,355	(3,820,895)	55,675,428
OCTOBER 1996	61,397,388	3,573,873	(3,118,333)	61,852,928
NOVEMBER 1996	62,823,882	13,325,870	(2,670,451)	73,479,301
DECEMBER 1996	60,768,672	14,160,303	(1,896,835)	73,032,140
JANUARY 1997	68,716,228	4,892,742	(1,921,476)	71,687,494
FEBRUARY 1997	51,645,528	3,014,104	(1,594,697)	53,064,935
MARCH 1997	50,512,502	2,782,613	(2,577,769)	50,717,346
TOTALS	752,168,437	65,005,081	(37,330,496)	779,843,022

ACCOUNTING EXHIBIT F

DUKE POWER COMPANY
 FACTOR COMPUTATION
 APRIL 1996 - MARCH 1997

MONTH	TOTAL SYSTEM		FUEL COST PER KWH SALES \$/KWH	BASE COST		FUEL ADJUSTMENTS PER KWH \$/KWH
	TOTAL FUEL COSTS \$	SALES EXCLUDING INTERSYSTEM SALES KWH		PER KWH INCLUDED IN RATES \$/KWH	PER KWH INCLUDED IN RATES \$/KWH	
APRIL 1996	51,024,856	5,622,300,000	.009075	.010000	(.000925)	
MAY 1996	59,694,175	5,677,069,000	.010515	.010000	.000515	
JUNE 1996	76,024,798	6,478,222,000	.011735	.010000	.001735	
JULY 1996	78,993,985	6,967,053,000	.011338	.010000	.001338	
AUGUST 1996	74,595,636	7,170,970,000	.010402	.010000	.000402	
SEPTEMBER 1996	55,675,428	6,491,919,000	.008576	.010000	(.001424)	
OCTOBER 1996	61,852,928	5,387,760,000	.011480	.010000	.001480	
NOVEMBER 1996	73,479,301	5,593,736,000	.013136	.010000	.003136	
DECEMBER 1996	73,032,140	6,091,394,000	.011989	.010000	.001989	
JANUARY 1997	71,687,494	6,175,805,000	.011608	.010000	.001608	
FEBRUARY 1997	53,064,935	6,271,892,000	.008461	.010000	(.001539)	
MARCH 1997	50,717,346	5,417,661,000	.009361	.010000	(.000639)	

Duke Power Company
S.C. Retail Comparison of Fuel Revenues & Expenses
April 1996 - May 1997

Description	A C T U A L				
	April 1996	May 1996	June 1996	July 1996	August 1996 September 1996
Fossil Fuel	37,519,880	45,648,326	58,022,703	61,461,250	58,702,156 42,208,221
Nuclear	12,420,525	14,590,351	13,754,962	17,603,369	18,171,747 16,200,747
Purchased Power	4,183,436(2)	3,991,488(2)	7,961,738(2)	5,318,745(2)	712,814(2) 1,087,355
Subtotal	54,123,841	64,230,165	79,739,403	84,383,364	77,586,717 59,496,323
Less: Fuel Cost Recovered through Intersys. Sales	3,098,985	4,535,990	3,714,605	5,389,379	2,991,081 3,820,895
FUEL COST	51,024,856	59,694,175	76,024,798	78,993,985	74,595,636 55,675,428
Total System KWH Sales	5,622,300,000	5,677,069,000	6,478,222,000	6,967,053,000	7,170,970,000 6,491,919,000
Excluding Inters. Sales	.009075	.010515	.011735	.011338	.010402 .008576
\$/KWH Sales	.010000	.010000	.010000	.010000	.010000 .010000
Less: Base \$/KWH Sales	(.000925)	.000515	.001735	.001338	.000402 (.001424)
Fuel Adjustment Per KWH	1,670,860,000	1,654,085,000	1,789,966,000	1,975,756,000	2,019,370,000 1,923,306,000
SC KWH Sales	(1,545,546)	851,854	3,105,591	2,643,562	811,787 (2,738,788)
(Over) Under-Recovery	174,874 (1)				
Cumulative (Over)/Under Recovery from March 1996	(1,370,672)	(518,818)	2,586,773	5,230,335	6,042,122 3,303,334

Note:

- (1) Staff's cumulative under-recovery balance brought forward from March 1996 of \$174,874 differs from the Company's March 1996 cumulative under-recovery balance of \$213,000 by \$38,126. This cumulative difference is based on Staff's corrections to Purchased Power Costs for several months, as reflected in the last fuel review period. It should be noted that the Company, in its testimony in Docket No. 97-005-E, reflects these Purchased Power corrections in April 1996 through June 1996.
- (2) Staff's Purchased Power figures for April 1996 through August 1996, and for October 1996 through January 1997 differs from the Company's figures. Staff's figures, per Staff's report, reflect calculation adjustments made to Purchased Power Costs for the aforementioned months, based on Staff's review of Purchased Power invoices and system operations reports. Also, as mentioned in Note (1), the Company's corrections to Purchased Power Costs for the last fuel review period are reflected in the Purchased Power Costs for April 1996 - June 1996. As noted, Staff reflected these corrections in the last fuel review period. It should be noted that in Staff's report, after the corrections to Purchased Power Costs, the resultant (over)/under-recovery monthly amounts differs from the Company's figures for the months of April 1996 through July 1996, November 1996 and December 1996.

Duke Power Company
S.C. Retail Comparison of Fuel Revenues & Expenses
April 1996 -- May 1997

Description	A C T U A L					E S T I M A T E D	
	October 1996	November 1996	December 1996	January 1997	February 1997	March 1997	April 1997 May 1997
Fossil Fuel	49,803,560	56,383,495	51,721,910	59,506,206	41,153,654	39,307,066	47,881,000 39,652,000
Nuclear	11,593,828	6,440,387	9,046,762	9,210,022	10,491,874	11,205,436	11,986,000 13,170,000
Purchased Power	3,573,873(2)	13,325,870(2)	14,160,303(2)	4,892,742(2)	3,014,104	2,782,613	4,648,000 5,446,000
Subtotal	64,971,261	76,149,752	74,928,975	73,608,970	54,659,632	53,295,115	64,515,000 58,268,000
Less: Fuel Cost Recovered through Intersys. Sales	3,118,333	2,670,451	1,896,835	1,921,476	1,594,697	2,577,769	3,111,000 3,111,000
FUEL COST	61,852,928	73,479,301	73,032,140	71,687,494	53,064,935	50,717,346	61,404,000 55,157,000
Total System KWH Sales							
Excluding Inters. Sales	5,387,760,000	5,593,736,000	6,091,394,000	6,175,805,000	6,271,892,000	5,417,661,000	5,932,857,000 5,650,168,000
\$/KWH Sales	.011480	.013136	.011989	.011608	.008461	.009361	.010350 .009762
Less: Base \$/KWH Sales	.010000	.010000	.010000	.010000	.010000	.010000	.010000 .010000
Fuel Adjustment Per KWH	.001480	.003136	.001989	.001608	(.001539)	(.000639)	.000350 (.000238)
SC KWH Sales	1,684,032,000	1,592,146,000	1,705,062,000	1,793,742,000	1,802,987,000	1,549,243,000	1,693,956,000 1,751,790,000
(Over) Under-Recovery	2,492,367	4,992,970	3,391,368	2,884,337	(2,774,797)	(989,966)	592,885 (416,926)
Cumulative (Over)/Under Recovery -- 9/96 (p.1 of 2)	3,303,334						
Cumulative (Over)/Under Recovery This Period	5,795,701	10,788,671	14,180,039	17,064,376	14,289,579	13,299,613	13,892,498 13,475,572

(Explanation for Note (2) is on Page 1 of 2.)